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IRAN:

Overview of 1994-95 Budget

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SUPPLEMENT
IRAN:
Overview of 1994-95 Budget

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* Summary of IRI 1994-95 Budget

94LA0082A Tehran RESALAT in Persian 4 Jan 94 pp 6, 15

[Text]

Summary of the National Budget for 1373 [21 March 1994-20 March 1995]

Receivable		Payable	
General Government Budget	36,011,764,487	General Government Budget	36,011,764,487
General Revenues and Other Sources of Funds	33,767,559,679	From the General Revenue Funds	33,767,559,679
Taxes	6,400,000,000	Developmental Funds	12,613,773,000
Oil	22,069,025,000	Current Funds	21,153,786,679
Natural Gas	-	Expenditures and Other Payments	19,337,786,679
Other	5,096,534,679	Repayment of Domestic Loans	-
Use of Domestic Loans	-	Repayment of Foreign Loans	-
Return on Payments of Previous Years	175,000,000	Strengthening Defense Capability	1,816,000,000
Use of Treasury Revolving Cash	-		
Special Revenues	2,244,204,808	From Special Revenue Funds	2,244,204,808
Budget of Government Companies and Banks	55,250,940,986	Budget of Government Companies and Banks	55,250,940,986
Revenues	47,937,219,244	Expenditures	52,300,952,060
Use of Domestic Loans	7,313,721,742	Repayment of Domestic Loans	2,412,497,826
Use of Foreign Loans	-	Repayment of Foreign Loans	537,491,100
Budget of For-Profit Government-Affiliated Establishments	1,043,153,434	Budget of For-Profit Government-Affiliated Establishments	1,043,153,434
Revenues	1,043,153,434	Expenditures	1,043,153,434
Other Sources of Funds	-	Other Payments	
Subtotal	92,305,858,907	Subtotal	92,305,858,907
Deducted Repeated Items	12,619,206,853	Deducted Repeated Items	12,619,206,853
Receivables of the National Budget	79,686,652,054	Payables of the National Budget	79,686,652,054

Summary of the General Government Budget

Receivable	1373* Estimate	1372**	1371*** Final	Payable	1373 Estimate	1372 Ratified
General Revenues	33,592,559,679	23,521,555,648	9,959,611,363	From General Revenue Funds	33,767,559,679	23,699,072,828
Taxes	6,400,000,000	5,409,657,383	3,773,400,490	Developmental Funds	12,613,773,000	9,683,885,199
Oil	22,096,025,000	15,597,422,943	5,133,627,466	National Projects Funds	8,503,188,000	6,213,658,600
Natural Gas	-	-	7,638,924	Provincial Projects Funds	1,930,555,000	1,646,341,000
Revenues From the Sale of Foreign Currency	-	-	4,611,749	Strengthening Defense Capability	330,000,000	280,000,000
Other	5,096,534,679	3,514,474,333	1,040,333,734	Other	1,860,030,000	1,540,585,599
Special Revenues	2,344,204,808	2,729,761,883	1,226,402,057	Current Funds	21,153,786,679	14,012,187,629
				Expenditures and Other Payments	19,337,786,679	13,542,187,929
Total Revenues	35,836,764,487	25,251,317,521	11,186,012,420	Provincial Funds	4,621,465,000	4,139,528,153
Revenue Deficits in Ratio to Payables	175,000,000	174,517,180	92,006,501	Repayment of Domestic Loans	-	-
				Repayment of Foreign Loans	-	5,000,000
Sources To Make Up for the Deficit	175,000 [as published]	174,517,180	1,077,246,958			
Use of Domestic Loans	-	-	907,664,013	-	-	-
Return on Payables for Previous Years	175,000,000	174,512,180	169,583,945			
Use of Treasury Revolving Funds	-	-	-			
Total Receivables	26,011,764,487	25,425,834,711	12,263,260,387	Total Payables	26,011,764,487	25,425,834,711

* [21 March 1994-20 March 1995]

** [21 March 1993-20 March 1994]

*** [21 March 1992-20 March 1993]

Based on the Bill Proposed by the Cabinet, 70 Percent of Next Year's Budget Will Concern the Government and Government-Affiliated Companies

Economic Division. According to the 1373 [21 March 1994-20 March 1995] budget bill, the expenditures of government companies, banks, and for-profit establishments affiliated with the government will be 56,294 billion rials[R], which makes up more than 70 percent of the expenditures.

The economic correspondent of RESALAT reports that the budget of government companies, banks, and for-profit establishments affiliated with the government will increase by 59.7 percent next year. The amount of the budget of government companies next year is projected at R50,034 billion; for-profit establishments affiliated with the government, R1,043 billion; and banks, R5,216 billion.

According to this report, while in next year's budget the income of government companies and banks has been estimated at R47,937 billion, these units will have R52,300 billion in expenditures. In other words, government companies and banks will spend a total of R4,363 billion beyond their revenues.

Government companies and banks will receive R7,313 billion in loans from domestic sources in 1373 [21 March 1994-20 March 1995], and only R2,412 billion will be repaid that year.

The national budget next year has been estimated to be R79,686 billion, of which R36,011 billion is from revenues gained, including those from oil, taxes, and special and other revenues.

Of the revenues of the national budget, 27.7 percent is income from oil; 8.13 percent from taxes; 70 percent from government companies, banks, and for-profit

establishments affiliated with the government [percentages as published]. It is noteworthy that those items that have been included twice have not been deducted from the above-mentioned revenues.

Next year, the government has projected R2,224 billion in special revenues in its general budget. Due to the procedures for the collection and payment in this budget, a need for more control and supervision is felt with regard to them.

The general budget, which was set at R25,425 billion in 1372 [21 March 1993-20 March 1994], will reach R36,011 billion in 1373 [21 March 1994-20 March 1995], with 41.6 percent, which is about a threefold increase over the final figure in 1371 [21 March 1992-20 March 1993].

Economic experts believe that, considering the failure to realize the projected oil revenues this year (1372 [21 March 1993-20 March 1994]), the fact that there is no clear picture of price increases due to the continuing crisis in the world oil market, the deviation of members from production quotas, and the likelihood of Iraq's entry into the market, the oil revenues that have been projected on the basis of $14 per barrel must be evaluated and examined.

The oil revenues, which in 1371 [21 March 1992-20 March 1993] were in practice R5,133 billion, based on the budget law this year are set at R15,597 billion. This figure will increase to 22,096 billion for next year.

Economic experts believe that since the tax figures ratified for 1372 [21 March 1993-20 March 1994] have not yet been obtained, an increase in tax figures, at least within the existing mechanisms, will face problems with regard to collection next year. Taxes collected in 1371 [21 March 1992-20 March 1993] amounted to R3,773 billion. This amount was projected at R5,409 billion , which did not materialize in practice. In 1373 [21 March 1994-20 March 1995], taxes have been projected at about R6,400 billion.

Next year, from the source of the general revenues, R12,613 billion have been allocated to implementing developmental expenditures and R21,153 billion to developmental expenditures [as published], which compared to the funds ratified for this year (1372 [21 March 1993-20 March 1994]) mark an increase of 30.2 percent and 13.9 percent, respectively. [as published]

The complete elimination of the single foreign currency rate as a result of setting the foreign currency for basic goods, oil products, medicine, and defense items at a floating rate and making up the difference through rial subsidies as well as changing the rate of tariffs on electricity, oil products, and telephone are other features of the 1373 [21 March 1994-20 March 1995] budget, which were reported earlier by RESALAT.

It is noteworthy that the government has projected R3,005 billion in subsidies for essential goods, R600 billion in subsidies for chemical fertilizers, R30 billion to make up the difference in the rate of foreign currency to publish textbooks, and R210 billion for recreational hajj pilgrimages.

* Majles Deputies' Views Regarding Budget

94LA0087A Tehran RESALAT in Persian
29 Jan 94 pp 1, 16

[Text]

Opinions of Supporting and Opposing Deputies Concerning the 1373 [21 March 1994-20 March 1995] Budget Bill

Economic Division. The discussions and examination of the first round of discussions on the 79,686-billion-rial[R] budget bill began this morning in the Majles.

According to a report by the economic correspondent of RESALAT, based on the ratification of the Majles, the examination of the 1973 [21 March 1994-20 March 1995] budget bill will go through two rounds of discussion. In the first round of discussions, which began today, after the discussion on the general points of the budget and their ratification, a decision will be made concerning oil revenues, taxes, and special and other revenues.

According to this report, 10 hours, including three and a half hours for opponents, three and a half hours for supporters, one hour for the spokesman of the committee, and two hours for the government representative, have been set aside for discussions about the general points of the budget, and every speaker can speak for 15 minutes and make use of all or part of another person's time.

The national budget, according to the government proposal for next year, has been projected at R79,686 billion, of which R36,011 billion is comprised of general revenues, including oil, taxes, and special and other revenues.

Oil revenues in 1371 [21 March 1992-20 March 1993] were R5,133 billion in actuality. According to the law, the budget in 1372 [21 March 1993-20 March 1994] was set at R15,597 billion. This figure has increased to R23,096 billion in 1373 [21 March 1994-20 March 1995]. In the proposed bill, the government had set the share of the oil revenues in the total revenues at 65.8 percent. After examinations in the related committees of the Majles, this figure was reduced to 58.4 percent.

In 1371 [21 March 1992-20 March 1993], R3,773 billion were collected in taxes. This amount this year was projected at R5,409 billion, which did not materialize. In 1373 [21 March 1994-20 March 1995], about R6,400 billion in taxes have been projected by the government.

The special Majles committee, after several hours of discussion, increased the tax revenues to R7,880.

In the open session of the Majles this morning, Hojjat ol-Eslam Nateq-Nuri, the speaker of the Majles, offered his congratulations on the blessed birthday of the Guardian of the Age and said: It is hoped that God will grant us all the privilege of awaiting his holiness and obeying his true deputy, the grand leader, so that under the wise leadership of Ayatollah Khamene'i, we will prepare the grounds for the coming of the Imam of the Age.

Then Mr. Mirvalad, the spokesman of the Joint Planning and Budget and Economic Affairs and Finance Committee, continued a report on the 1373 [21 March 1994-20 March 1995] budget bill.

He said: The annual budget in fact is a representation of the revenues and expenditures of the country and regulation of the expenditures on the basis of revenues. It is not proper to expect the annual budget to anticipate and solve all the problems of the country. Another issue regarding the budget is attention to our maneuverability in the budget offered by the government, in other words, to what extent we can create changes. In regards to the revenue subheadings of the 1373 [21 March 1994-20 March 1995] budget, Mr. Mirvalad said: In next year's budget, we set up three revenue headings, that is, oil, taxes, and miscellaneous revenues, and as the honorable president said in his Friday prayer sermons, we cannot survive dependence on oil. We took into consideration this important point in the budget and tried to reduce the dependence of the budget on oil revenues and move towards nonoil revenues.

He added: More than 65 percent of the budget presented by the government to the Majles was dependent on oil, which we reduced to 58.4 percent, taking into consideration that we must act within the OPEC ceiling. For next year, we anticipated the likelihood of Iraq's entry into the world market.

The spokesman of the Joint Planning and Budget and Economic Affairs and Finance Committee of the Majles emphasized preventing the decrease in the price of oil and said: In an effort to reduce the decrease in the price of oil, we reduced a percentage of our exports and projected $10.5 billion in oil revenues for next year.

He said: Last year, we were allowed to export 190,000 barrels of oil per day to import oil products. In the 1373 [21 March 1994-20 March 1995] bill, the government set it at about 340,000 barrels, which was not accepted by the Joint Committee.

He pointed out: Countries that do not have oil revenues essentially gain their revenues through taxes. But in recent years, due to the lack of strong and coherent tax systems, we have been unable to collect taxes fully. Hence, in the 1373 [21 March 1994-20 March 1995] budget, we increased the tax revenues.

He said: The government had set the share of taxes in the total national budget at 19.6 percent, which we increased to 26.1 percent. We also increased the other revenues from 15.1 percent to 15.5 percent.

Mirvalad pointed out: In Note 25, the government discusses three issues. The first one is the increase in the price of energy, including kerosene, gasoline, electricity, and diesel fuel, so that from the funds gained by this increase, it can implement some of the projects.

He said: Of the total national revenues, which were set at R79,700 billion, R3,317 thousand billion [as published] were general revenues, which the committee reduced to R30,000 billion.

The spokesman of the Planning and Budget Committee referred to the economic effects of the 1373 [21 March 1994-20 March 1995] budget on the society as reducing economic pressures through controlling the volume of cash flow and controlling the loans granted by banks. For next year, we approved about a 15-percent cash flow growth, of which the inflationary effects will naturally be about the same.

He pointed out: For the first time, we limited the ceiling of the funds that the private and government sectors are to receive.

He added: In Note 25, in regards to electricity, we set taxes on use in excess of 500 kwhr [kilowatt-hour]. Mirvalad pointed out: The issue of the price of energy was one of our most heated discussions in the budget. The cost to the government for gasoline or kerosene is about 27 tomans per liter and reaches the people nearly free of charge. Mirvalad pointed out: One of our efforts in the 1373 [21 March 1994-20 March 1995] budget will be to increase subsidies for essential goods, which the government had projected at $690 billion and the committee increased to $800 million. [sentence as published] Also, the government had set $300 million in subsidies for drugs, which we increased to $400 million.

He said: With consideration for the statements of the grand leader concerning decreasing foreign obligations, we projected that next year our debts would be reduced to $1.6 billion.

He also cited the increase in commercial taxes on imports to support domestic producers and making revenues realistic among the other characteristics of the 1373 [21 March 1994-20 March 1995] budget.

This report indicates that Mr. Astaneh was the first opponent of the 1373 [21 March 1994-20 March 1995] budget, who declared the "planning and budget writing problems" and the "growth of cash flow" as the most important reasons for his opposition.

He termed the 15-month delay of the government in presenting the Second Plan bill a violation of Note 36 of the First Plan law and said: The decision to postpone the implementation of the Second Plan requires a law.

Concerning the problem of planning, he said: This problem concerns lack of change in the traditional planning and budget writing method and failure to look into the future by the Plan and Budget Organization. It is not clear what picture the Plan and Budget Organization has of the next three decades, despite all its organization and experts. What will the situation of the country be if the oil is finished and is exports cannot be justified? What amount of the $100 billion foreign currency revenues of the plan has been spent on fundamental investments? Can the sale of oil and factories (national capital) be considered revenue? I am interested in the director of the Plan and Budget Organization offering a picture of Iran without oil.

In regards to foreign currency obligations, Astaneh said: According to Part 6 of Paragraph A of Note 29, the level of foreign currency obligations at the end of 1372 [20 March 1994] should be 15 percent less than at the beginning of this year, whereas in 1372 [21 March 1993-20 March 1994], $10 billion in late debts were created in the worst form (that is, several thousand items of minor debts to several countries, which indicates failure to think on the part of the economic experts of the country), and in 1373 [21 March 1994-20 March 1995] we will have another $6 billion in debt. According to Note 29, any violation of the decrease of 15 percent of the obligations is regarded as use of government property. My colleagues have noted how the Central Bank has acted.

He emphasized: Repayment of the foreign debts as soon as possible, no matter how little, must be given priority. I thank the Joint Committee for reducing the $4.5 billion in new government obligations in 1373 [21 March 1994-20 March 1995].

Concerning the growth of cash flow, Astaneh said: While next year the price of oil exports will decrease, the government has increased the total national budget to R79,686 billion and the Joint Committee to R71,240 billion. In the First Plan, it was determined that the cash flow should increase to R22,000 billion by the end of 1372 [20 March 1994], whereas by the end of this year the growth of cash flow will be increased up to R45,000 billion.

He did not consider the change in the banking funds at the level of R5,547 billion in 1373 [21 March 1994-20 March 1995] in the interests of the country and pointed out: This issue will cause the cash flow and inflation to grow by 30 percent.

In regards to Note 25, he emphasized: Until a mechanism is devised for the increase in the income of the salary earners and those with fixed incomes, the pressure of Note 25 will weigh heavily on the shoulders of the people, and the poor will become poorer and the capitalists will gain more capital.

Mr. Zadsar, the deputy from Jiroft, spoke as the first supporter and said: One of the best corrections of the honorable committee in the budget bill is the control of the growth of cash flow, to which attention has been paid for the first time in the budget bill, because the above-mentioned committee has specified the growth of the cash flow in Note 2 and allowed it at a maximum of 15 percent, whereas the government has projected it up to 23 percent. It has allocated nearly 55 percent of the growth of the cash flow to the private sector to enable banks and banking funds to take effective steps in starting domestic production.

In regards to the control of subsidies, and in some cases their elimination, he said: In Note 25, the government has projected about R2,970 billion in revenues secured by raising the price of various fuels and obliged itself to spend it on starting important, vital, and fundamental projects. The Joint Committee has looked at this realistically and reduced it to R1,900 billion.

He then continued: Upon the suggestion of the government, gasoline was R120; diesel fuel, R20; heating oil, R10; kerosene, R20; and natural gas, R12.4 per cubic meter. With the agreement of the committee, gasoline was R80; diesel fuel, R15; kerosene, R20; heating oil, R10; and natural gas, R12.4 per cubic meter.

Then, stating that we know that the actual price of the above-mentioned items is several times the sale price, he said: We know that every liter of gasoline costs about R270 for the government. Indeed, do the R220 in subsidies paid from the Treasury of the country on every liter of gasoline go to the poor or the rich?

He said: I believe that the well-to-do [people] use cheap electricity, and this is not just.

He then said: It is noteworthy that electricity for agricultural use has not become more expensive at all, and the cost of electricity used by the people has only increased when it is in excess of 500 kwhr, which in fact has not changed.

Mohammad Baqer Bahrami, the deputy of Asadabad, spoke in opposition to the budget bill and said: In my opinion, and according to the studies that have been carried out, the projections must be logical and more realistic. My question to the Joint Committee and the honorable government is, on the basis of what formula have they projected the price of oil to be closer to reality? In our opinion, the projections of the government and the committee are not based on logic.

He then said: There is a great deal of waste in government companies. We receive many reports and much criticism. There is a vast difference between the salaries paid in the companies and government organizations. Why has the Joint Committee not stopped this waste in the budget bill? Is it not true that when they are exempt from taxes, they must make investments? Has this been done? Have we controlled foreign purchases?

He added: In connection with Note 25, there is no one in the country and the Majles who opposes prices becoming more realistic. But at what price? The share of energy per

family in our country is 10,070 tomans in 1372 [21 March 1993-20 March 1994]. The indirect effect of this is 16,000 tomans.

If we want to collect the actual prices from the consumer, do we have a mechanism in place to receive more money from those people who use more energy, services, and government goods and to separate them from the vulnerable strata of the society? I believe this mechanism does not exist. We only have a special mechanism for collecting taxes from employees, which is deducted from salaries, whether they want it or not. But we do not have a special method for collecting taxes from strata with large incomes.

The next supporter was Mr. Nowbakht, who described the special climate governing the budget as follows: 1) Inclusion of the policies of the Second Plan in the 1373 [21 March 1994-20 March 1995] budget; 2) the budget inherits the policies and economic development planning of the First Plan; 3) the speed of economic reconstruction in the First Plan; and 4) the decrease in the price of oil.

He said: It is impossible to turn away from the economic modification policies.

He said: Considering that the Joint Committee decreased the ceiling of exports and the price per barrel of oil, the level of revenues was set at 4,000 billion, or less than what the government proposed, which seems more realistic.

The details of the opinions of supporters and opponents will be published in tomorrow's issue.

* Supporting, Opposing Statements

94LA0088A Tehran RESALAT in Persian
30 Jan 94 pp 5, 14, 15

[Text] **Legislative and Parliamentary Affairs Division.** The Majles held sessions yesterday and last night and began its examination in the first round of discussions of the general points of the budget, during which time supporters and opponents of the 1373 [21 March 1994-20 March 1995] budget made speeches. We call to your attention the details of the discussions.

'Ali Zadsar, Supporter

A major part of the statements of Mr. Zadsar were published in yesterday's issue of the newspaper. Here, the parts of his speech concerning waste, which were mentioned as examples will be noted: The officials of Kerman Province, in particular the governor-general, should be kind enough to enlighten us as to whether or not the Mola al-Movahedin Institute and its numerous affiliated companies has been formed and is thriving, with all the political, economic, and cultural resources of the sacred Islamic regime, and whether or not the income taxes have been deposited in the Treasury.

He continued: Has the Mahan Company, which competed with the national airlines, been established with the support of the government and the office of the governor-general of Kerman and the money and power of the country or not? Is the tax on the profit gained from every round-trip ticket, which is sold at 60,000 rials[R] deposited in the Treasury or in the account of the members of the board of directors? Many such questions are being asked throughout the country and in Greater Tehran, all of which cannot be mentioned in this brief speech.

'Abdollah Nowruzi, Opponent

Mr. 'Abdollah Nowruzi, the deputy of the people of Malayer, spoke as an opponent of the 1373 [21 March 1994-20 March 1995] budget and said: Our process of writing the budget is routine; our budget writers do not evaluate the budget of the previous years; and the revenues in the budget are not written in rationally.

He said: Everyone knows that the decrease in the price of oil is in effect to impose pressure on the Islamic Republic of Iran. Now, what practical and reasonable methods have our planners devised to reduce dependence on oil, move towards nonoil exports, increase tax revenues, and decrease the expenditures of the government organizations? He added: Companies evade the payment of taxes and even fabricate numbers in order not to pay taxes, while a part of the revenues of these companies is placed at the disposal of real or legal persons or spent on luxuries. He added: Such companies are included in the main factors in inflation growth in the society.

Emphasizing that revenues from increased government services be spent on fundamental affairs, he asked for the control of prices.

Mohammad Reza Khabbaz, Supporting

Khabbaz was the next supporter. He said: The revolving funds last year were R2,500 billion, which the committee reduced to R1,000 billion. Yet, this increase in cash flow is not without effects. Another point that the Joint Committee included in this bill is the examination of government companies, banks, and government-affiliated for-profit establishments that are required to have their annual figures and budgets ratified by the Majles.

Referring to the capping of the ceiling of government funds set at R7,000 billion, he added: If this ceiling is not capped, you know that injecting money into the society will mean increasing the cash flow, and increasing the cash flow means the creation of inflation. Since we are moving towards privatization, our slogans and actions must be the same. Hence, the majority of these funds, about 55 percent, are allocated to the private sector for privatization.

He mentioned the elimination of tax exemptions as another characteristic of this report and pointed out: In a correct economy, tax exemption is meaningless. Of

course, there are some companies and charitable organizations, which the government must take under its wing, and the Majles certainly does not oppose this. He added: Another characteristic of the report is that the Consumer and Producer Protection Organization has been given the responsibility of granting subsidies for essential goods. However, my support should not suggest overall agreement; there are problems in this report concerning that the Majles will use its authority at the proper time. Note 27 is another feature, according to which, fortunately, a good fund of more than R300 billion has been allocated to the Office of the Affairs of Deprived Regions. This is a very constructive action. In regards to Note 25, offered by the government, we believe that this note is in keeping with the Second [Five-Year Development] Plan. In other words, the 1373 [21 March 1994-20 March 1995] budget is not the place for it to be examined.

In continuing his speech, Khabbaz pointed out: Another reason for my support for the proposal of the Joint Committee is that, fortunately, attention is paid to the details of many of the issues, and the government is given the responsibility of taking into consideration the inflation index in coordinating the appropriate profit margin for economic activities in the industries and trade sectors with regard to 1373 [21 March 1994-20 March 1995] pricing of guaranteed agricultural and animal husbandry products.

Mohsen Yahyavi, Opponent

Yahyavi, the deputy of Tehran, as an opponent of the 1373 [21 March 1994-20 March 1995] budget, thanked the brothers in the Joint Committee for their hard work and said: Decreasing inflationary pressures by emphasizing the control of the volume of cash flow and increasing subsidies on essential goods, such as the increase in the government's ceiling from $300 million to $800 million, the increase in the government's ceiling from $300 million to $400 million for the import of raw materials, and the allocation of $80 million in foreign currency for students, which reduced the pressures on their families and for which the government had not included anything, are something but, in my opinion, not enough.

Referring to Note 25, he said: In Note 25, by increasing prices, the Joint Committee claims that 5,000 tomans will be the individual per capita share. In reality, it will be several times this amount.

In hiring a taxi, fuel must not be more than 20 percent of the effective factor, because attrition and spare parts are at issue. [sentence as published] But, as soon as we increase the price 1.5 times, even if the taxi driver does not double his fare, he will increase it by no less than 1.5 times. Based on greed, they impose pressure on our people several fold. What percentage of the people of our country have we exempted from taxes because they have a monthly income of 15,000 tomans or less? And then we impose other taxes on them. Of course, we know that these prices are not realistic prices and the subsidy that we pay for our services is the most unjust distribution of the Treasury among the people. Why? Because more of this subsidy goes to affluent families, who make more use of these services. He stated that the elimination of this injustice will take time.

In another part of his speech, Mr. Yahyavi said:

I remember that my brother, Mr. Dari, spoke prior to the open session on certain issues that occurred in the presence of the grand leader. When I said to him what I have said here, perhaps a little more, concerning Note 25, corroborating my statements, he mentioned the problems of certain individuals who have complained to him. For example, a person whom he trusts to be truthful had said to him that he has not been able to buy meat at 500 tomans [per kg] for six months. Then, someone added that some people may take advantage of what he says and, resorting to Note 25, oppose it. He said, If so, they will have done a good thing.

This shows that the leader is very well aware of the pressures imposed on the people. He then added that some things seem logical, but the time for them is not right yet. For example, I believe that we must produce as little oil as possible. But when the minister of petroleum speaks to me, stating that we have produced more oil, I admire it, because today we require that more oil be produced. As a result, the interpretations of this note might be on the side of social justice, but on the basis of this statement, now is not the right time for this social justice. Of course, this last brief statement is my own conclusion.

He said: The Joint Committee has increased the subsidy on essential goods by $200 million. But we know that this subsidy, with the population increase that we have, is still about 300 percent less than that of last year. We have decreased the foreign currency allocated to essential goods compared to last year, and by increasing prices we impose another problem on the people. Of course, there may be some exceptions to these price increases, such as for electricity, which can be calculated on the basis of increasing consumption. But I believe this note must be omitted.

Yahyavi added: Part "B" of Paragraph "D," regarding document credit opened prior to 1372 [21 March 1993-20 March 1994], states that it should be close to the floating foreign currency rate. This is very dangerous. You see, if the Ministry of Petroleum, which has ordered a great deal of material, waits to import [those materials] tomorrow, it will have to contribute all you have allocated to it to make the payment.

Referring to the effects of Note 2 on the increase in the price of general needs and increasing inflation, he said: If a proper mechanism is not devised, the increase in the price of energy will have ill effects on the deprived classes.

He regarded the national tax system as insufficient to achieve the projected goals in this bill and added: Considering that there is more emphasis on taxes than oil revenues, this system must be reformed.

'Abbasi'ali Zali, Supporter

The next supporter of the 1373 [21 March 1994-20 March 1995] national budget bill was Dr. Zali, the deputy from Karaj, who said in defense of the budget bill: Those who spoke as opponents stated the opinion of each and every member of the Joint Planning and Budget and Economic Affairs and Finance Committee and other experts.

The reason for my support for this bill is simple. The honorable deputies must, on the one hand, take into consideration the problems that were at issue and, on the other hand, accept that in the 47 meetings held to examine the issues, in the presence of a large number of responsible and expert individuals and deputies, ultimately, this outcome may have been the best ratification possible.

Concerning the decrease in expenditures and preventing waste, Dr. Zali said: The Joint Committee took these problems into consideration. Decreasing dependence on oil and decreasing foreign obligations were very important principles to which attention was paid throughout. Finally, by implementing revenue policies, we tried to take into consideration issues concerning the deprived regions and low-income strata as well as the agricultural sector, to which special attention must be paid in the Second Plan.

He also added: The fact that our revenues must conform to the expenditures is absolutely true. We projected the foreign currency revenues of the country at about $1.9 billion less than that of the government bill. We feel that if we take into consideration the realities, it will be in the best interest of the country.

In connection with the increase in taxes in 1373 [21 March 1994-20 March 1995], he said: We increased the tax revenues from 19.1 percent to 26.1 percent. In other words, we made the revenues rely on 7 percent more taxes than what the government had proposed. As to what mechanism exists to collect the taxes, that is an issue that must be looked into in regard to implementation. God willing, the tax pressure will be on the shoulders of those who should pay them.

The member of the Planning and Budget Committee stated: Taking into consideration that imports must be prevented, through import tariffs we were able to increase government revenues from R1,540 billion to R2,520 billion. In regards to the increase in prices in Note 25, he said: These decisions are not without reason. At the present, we have projects in the country that must be implemented, and their implementation is dependent on this note. If the deputies are prepared to stop the implementation of these projects and abandon them, eliminating the increase in prices would be logical. But if they are not content with this idea, another approach is to increase borrowing as before, and we have witnessed the inherent results and problems. Hence, if we have to make gasoline R80 as opposed to 12 tomans, as was suggested by the government, the decision was based on these facts. In order to avoid putting pressure on the low-income strata, we implemented these issues. Pressure must be on the shoulders of those who make the most use of the national resources. If we give subsidies to energy, fuel, and other things, who is making use of these subsidies? We say that policies should be implemented so as to avoid harming the low-income classes. Every day, 300 million liters of gasoline are used in the country. If you calculate it, it comes to 700 million tomans. Why should all the strata pay this subsidy?

Concerning waste and its prevention in government organizations, Dr. Zali said: Most of the waste is in the government companies. We insist that the government gradually transfer these companies, so that they will become profitable and pay their taxes. We must accept that the decisions that have been made are absolutely in the interest of the country. Just imagine, 15 government companies, which were supposed to pay taxes have refused to do so and have paid less, and 25 companies paid no taxes. Concerning the first case, the Joint Committee included R28 billion for them. In the second case, the difference was R504 billion. On the whole, we made the policy for the companies such that they are not allowed to save more than 30 percent of the difference between their gross profit and their expenditures. Rather, they should be taxed. The implementation of this policy will prevent waste.

[Box, p 5]

The Most Important Statements of the Supporters and Opponents of the 1373 [21 March 1994-20 March 1995] Budget Bill

Supporters

1) In some cases, the allocated subsidies are anti-inflationary.
2) Customs tariffs have increased to protect domestic industries against luxury goods.
3) Attention is paid to the low-income strata.
4) The revenues of the country in this bill are realistic.
5) The rate of growth of cash flow has been controlled and banking funds limited.
6) Note 25 will result in an increase in investment in oil and energy.
7) The Joint Committee modifications in Note 25 are anti-inflationary.
8) Tax revenues have increased in the bill.
9) The ratification of Note 25 will prevent smuggling and waste of fuel.
10) The payment of more subsidies to the agricultural sector has been projected.

Opponents

1) Dependence of the budget on oil has increased.

2) The government debt to the banking system will increase.

3) The 1373 [21 March 1994-20 March 1995] budget has not been written with a view to the culture.

4) The most important problem of this bill is the budget's reliance on the sale of oil.

5) There are weaknesses in writing the schedule and budget.

6) There is no requirement that the revenue projections in the 1373 [21 March 1994-20 March 1995] budget be realistic.

7) Agriculture is not central in the 1373 [21 March 1994-20 March 1995] budget.

8) The ceiling of the present budget is quite inflationary and unrealistic.

9) Despite the due date of some of the foreign currency obligations, the government has included $4.5 billion.

10) With the 30-percent increase in the cash flow in the budget, inflation will be 30 percent. [end box]

Zare'i-Qanavati, Opponent

Zare'i-Qanavati, the deputy of the people of Behbahan, was the next opponent of the budget bill. He explained the reason for his opposition in his speech and said: I consider the changes in the budget bill by the Joint Committee a useful step, but the general direction of the budget can be improved. What I oppose is failure to achieve social justice, which is an essential principle of the Islamic government that is emphasized by the grand leader.

He then said: What the society expects of the Majles and what is emphasized by the grand leader is that price increases be prevented. This is also what the Majles wishes, but it is not seen in the budget bill. Although the Joint Committee has tried to control the price increases to some extent, the emphasis of the grand leader on conservation should be evident in the annual budget. The experience of previous years has shown that conservation is not achieved through advice and instructions, and the annual budget and the Five-Year Plan do not indicate it in the form of a policy.

In continuation, he pointed out: Under the present conditions, the strata with fixed incomes have a hard life. The deputies these days are aware of the anxiety of this hard-working strata as a result of the increases for next year in terms of such items as oil, water, electricity, and telephone. The cost of food, clothing, housing rent, transportation fares, and services in 1372 [21 March 1993-20 March 1994] have increased by more than 50 percent, while the income of families has remained the same. As a result, their purchasing power has decreased. In the formulas of the organizations and the budget for contractors, inflation is calculated quarterly and modifications are made, and no one questions why this modification is implemented in regards to the workers of those workshops.

Praising the hard work of the committee in amending the bill, Zare'i-Qanavati said: Do not be satisfied with these reforms. No matter how much you raise taxes, since you do not have a system of controls, all these are paid by the low-income strata.

The figures in the budget show that dependence on oil has increased. In 1371 [21 March 1992-20 Mar 1993], this dependence was about 42 percent; in 1372 [21 March 1993-20 March 1994], about 61 percent; and in 1373 [21 March 1994-20 March 1995]; about 62 percent. On the other hand, reliance on tax revenues has decreased.

In opposing the budget bill, the deputy from Behbahan also projected that in 1373 [21 March 1994-20 March 1995] the value of the rial vis-a-vis the dollar will decrease.

In conclusion, he added: Efforts to free the country from reliance on oil and the dollar have had no favorable results. Also, an examination of the figures in the budget show that the debt of the government to the banking system will increase, and this increase is about R4,365 billion.

They say there is nothing to worry about in regards to the late debt payments. But we should worry, because, considering the uncertain future of the oil and the decreased foreign-currency income, repayment of part of the debt will cause problems, and failure to pay will also result in the postponement of many of the economic projects.

Seyyed Hoseyn Sharifi, Opponent

The next opponent was Sharifi, who in expressing his opposition mentioned the first problem as reliance on the traditional method of budget writing and said: For example, in the current sector, the increase of a percentage point over the budgets of previous years is made without an examination of the prices and the actual needs of every province. In this connection, there must be a basic revision.

He added: Despite the fact that large amounts have been invested in government companies, the profit resulting from them should overshadow other government revenues. But, unfortunately, in Paragraph "B" of Note 2 there is still talk of payments to assist the government companies because of the losses from the general funds. On the other hand, every year a major part of the

banking funds is taken by these companies, which prevents the banks from giving loans to the private sector and other classes.

He continued: I ask the government representative to firstly explain about the curve showing increases and decreases in the debts of companies to the banking system and their present amount of debt and also discuss the companies in the country, which show profits and those that generate losses. In order to deal more realistically with an examination of the budget bill, the government representative must present a brief report on the collection of general revenues in the nine months of this year in proportion to the projected figures of the Majles. This can be one of the effective bases on which to make decisions concerning the present bill.

Stating that the cash flow increase this year and offering a correct analysis of the level of increase and lack of growth for next year, in considering the proposed budget, will make decision making easier for the Majles, he said: When there is talk of the vulnerable strata, we are talking about people who are covered by the Imam's Emergency Committee, whereas there are many salary earners, retired persons, villagers, and small businessmen on fixed incomes, and they must be taken into consideration in any discussion on the modification of prices. The speaker continued: It would be good if in the government bill special restrictions were placed on organizations in terms of foreign purchases and if attention were paid to industries and support for domestic products. If the Majles were absolutely certain that the revenues from Note 25 would all be spent on creating domestic jobs and on support for domestic products, certainly it would react to it differently. But such is not the existing trend of use of the domestic products in Note 25 by officials. For example, in Arak there are parent and heavy industries that are capable of producing more than the needs of the country, yet we see, in regards to oil and electricity, that the foreign manufacturers still thrive in the economic arena of the country, while, on the other hand, factories cry out in complaint.

Sharifi also pointed out: While it is true that there are telephone [services], decreased costs, and shortened time regarding commercial and residential buildings, they create expenditures for families and create income for the merchants. [sentence as published]

If Note 25 is accepted by the Majles, it can be modified in its place and its imposition in the accounting system of telephone bills is not a difficult task.

Mohammad Reza Bahonar, Supporter

The next supporter was Bahonar, the deputy from Tehran, who said: The most essential cause of inflation is increased cash flow. In next year's budget, we ratified R7,000 billion as the ceiling on the growth of cash flow. Considering the cash flow that we anticipate having by the end of 1372 [20 March 1994], God willing, next year, while there will be some thriving of the national economy, the increase in cash flow will not exceed 15 percent. Of course, in the government program proposed to the Majles, that is, the Second Developmental Plan, the average growth was [projected at] 12.5 percent, but, for various reasons, the bill presented to the Majles projected more than the amount I have stated. We hope that through controls and by better allocating banking funds and being somewhat conservative in granting loans to the large government and public companies, next year we can have a reasonable and tolerable cash flow for the oppressed strata of the society.

In continuation, in connection with Note 29 he said: The Joint Committee has omitted one or two main paragraphs of the above-mentioned note, because the economic capability of our country in connection with foreign obligations is much greater than what exists now. If we were viewed as are other countries in the world, even if we were to have more foreign debt than we have, this would not be detrimental.

Bahonar continued: Considering this principle, we must study our foreign obligations carefully and realize that our foreign obligations are below what is normal for other countries in the world.

In connection with observing the inevitable principle of dignity, wisdom, and expediency in foreign policy, the deputy from Tehran then said: These policies have been announced by the grand leader, and in economic issues we must keep in mind the three points of the dignity, wisdom, and expediency of the Islamic Republic. This year, compared to 1367 [21 March 1988-20 March 1989], we have produced perhaps more than $6 billion in new products. In 1367 [21 March 1988-20 March 1989], we were obliged to import these same products from other countries.

Continuing, he said: If these paragraphs have been omitted from Note 29, it does not mean that the projects are shut down. It means that these projects can work within our acceptable ceiling of funds next year. But if they are about to go above that ceiling, we suggest that they be carefully examined expertly in the Second Plan.

In connection with Note 25, Engineer Bahonar said: In connection with the increase in the price of fuel, the Joint Committee agreed to R80 for gasoline, which is a 60-percent increase. However, the government had proposed R120. The committee agreed to R20 for kerosene, which is a 40-percent increase, whereas the government had proposed a 100-percent increase. We ratified the same figures as the government for natural gas, that is, at a 126-percent increase, and heating oil at a 25-percent price increase, the same as the government.

Then, in connection with the issue of customs tariffs, he said: We projected a mild increase in these tariffs for next year to support domestic products somewhat. We have been able to write the committee report so as to compel government companies to pay the taxes they are supposed to pay to the Treasury.

Yunos Mohammadi, Opponent

Yunos Mohammadi, the deputy from Khorramshahr, was another opponent of the 1373 [21 March 1994-20 March 1995] national budget bill. He referred to Note 25 of this bill and said: The projected increase in the rate of fuel in this note will reduce the purchasing power of the people and weaken the national currency.

He also asked for the support of the low-income strata with regard to economic modifications and increased prices.

In order to reduce unnecessary revenues and create a balance between revenues and expenditures, the deputy of the people of Khorramshahr emphasized the elimination of luxury and waste, control of the smuggling of fuel, and prevention of the ratification of new developmental projects. [sentence as published]

'Ali Movahhedi-Savoji, Supporting

'Ali Movahhedi-Savoji the deputy from Tehran was the next supporter of the budget bill. He said: No one in the Majles opposes the general points of the 1373 [21 March 1994-20 March 1995] budget. But the disagreements concern the details and paragraphs of the bill. All the honorable opponents consider the direction of the Joint Planning and Budget and Economic Affairs and Finance Committee desirable, and it has gone in the direction that they wanted. They should look at the revenues realistically as far as possible and ratify them. In connection with reducing the government expenditures, as far as they could, they reduced them. The decrease of R2,000 billion from the general budget is in this direction. Also, in regards to revolving funds in the Treasury, which are cited in Note 1, we can see that the committee has reduced the government proposed revolving fund. In my opinion, this was the right thing to do, because this revolving fund at the beginning of the year is in effect borrowing, which of course must be repaid by the end of the year. In the past, the method was that they took this revolving fund and later did not return it to the Treasury. The important point is that the Majles and the Planning and Budget Committee must supervise and control this revolving fund.

In regards to Note 25, Movahhedi-Savoji said: The Joint Committee has tried to reduce the price increases. I do not agree with the government proposed increase in the price of electricity, water, telephones, and post, because in the past few years the government and related organizations have increased the price of telephones, water, electricity, and post. At present, people are protesting, worrying, and complaining about the increase in these prices, and to increase them again would not seem right. But, in connection with petroleum products that increase, I must say that the consumption of fuel in our country is higher than that of all other countries, and according to available reports, Iran uses enough fuel for 1.2 billion people. It would appear that this action is the result of the fact that the government brings an excessive amount of gasoline and other products into the market. Of this 60 million population, how many make use of cars? Why is it necessary for gasoline that costs 30 tomans to be given to them for 5 tomans? One of the harmful effects of artificially low prices is that a great deal of fuel in our country is smuggled to other countries. Hence, the increase in the price of gasoline by the Joint Committee will have no inflationary effects.

Concerning the completion of incomplete projects in the country, he said: We believe new developmental plans and projects should not be started while we have important incomplete projects in the country. We must first complete those with this tight budget and the problems that we have and then start new projects.

Beytollah Ja'fari, Opponent

He said: Note 25, in the form ratified in the Joint Committee, is still too inflationary and if ratified will result in increased prices in the country and confront the hard-working strata, who are the main soldiers of the revolution and Islam with difficulty. If the price of gasoline increases by 50 percent, will the income of the people also increase by the same amount? They might say that subsidies are mostly used by the wealthy. The answer is clear. If the tax system is correctly amended and implemented, this problem will be resolved. If the government and the Plan and Budget Organization are looking for revenues, why do they use this lever in regards to the low-income class that makes up the majority?

Why does the government not make the government companies active? Of 1,200 government companies that, based on Note 2 of the 1372 [21 March 1993-20 March 1994] budget law, must include their budgets in the 1373 [21 March 1994-20 March 1995] budget, only 460 companies have included their budgets in the bill. The use of the budget by government companies is subject to bylaws that are usually ratified by the general assemblies. This will enable them not to observe the policies made by the Majles. In order not to adhere to these regulations devised by their general assemblies, government companies have created secondary companies. Even the ministries and government establishments have established and invested in other companies that appear on the surface not to be governmental. For instance, the Iran Steel Company has such companies as the Iranian National Steel Services Company and Retirement Fund at its side. At a time when the entry of cars by government organizations was prohibited, the Iranian National Steel Services Company, which appears not to be government-related, using the discount on commercial taxes, engaged in importing 200 cars to be used in mining projects, but in practice a number of them were sold to the Social Security Organization. These actions thwart the policies set by the Majles. The deputy from Urmia continued: My understanding of the 1373 [21 March 1994-20 March 1995] budget is that we have not made agriculture a central issue as we should have. As long as agriculture fails to be a central issue and investments in the county are not allocated to this sector, we

will be obliged to import wheat, rice, meat, and other foodstuff from other countries, and subsequently the symptom of the migration from villages to cities will continue.

Ja'fari added: I agree with bringing the ceiling of the budget to the level of 1372 [21 March 1993-20 March 1994], as proposed by the Industries and Mines Committee, because the ceiling of the present budget is quite inflationary and, more than the previous year, will result in price increases.

Hasan Aminlu, Supporter

Another supporter of the 1373 [21 March 1994-20 March 1995] budget bill was Aminlu, who said: The budget that has been ratified this year is not an ideal budget. From our perspective, an ideal budget is a budget in which expenditures and revenues of the government are gained through taxes and added values and the per capita income of the people goes up. [sentence as published] We, too, have some criticism about the companies and the waste in them.

He added: It is necessary to mention that of the 8,000 billion general government budget, 5,000 billion is in the budgets of the companies. We also believe that the supervisory dimension has been weak. We also have something to say in regards to surface revenues that are created. But this does not mean that we do not defend the positive points that exist in this year's budget. In the general picture of the budget this year and the changes that were made in the Joint Committee, out of the R3,600 billion general government budget, about R400 billion have been deducted from the oil revenues; about R100 billion have been deducted from the budget of Note 25; and about R50 billion of the expenditures sections have been transferred to the companies.

Of the total 500 billion toman reduction which has resulted in the revenues, about 100 billion concerned [Note] 25, and 200 billion were the result of taxes and other revenues, which is a strength for the committee. Another 200 billion tomans has been reduced in the ceiling of revenues and general government expenditures.

He termed the decreased dependency of the budget on oil another point of strength for this bill and said: If we continue this trend gradually and in future years, the view is that every year a percentage of the budget revenues will be detached from oil and moved towards other revenues, which will certainly be in the interest of budget writing in the country. When our Majles dictates to the government that it reduce about 10 percent of the ceiling of its exports, it is good in international terms that Iran is even satisfied with the ceiling set by OPEC. Also, the price per barrel of oil is set lower this year. In Paragraph "C," it has been suggested that if oil revenues exceed the established ceiling and the value of oil goes up, about $1.3 billion of the obligations that are set at $1.6 billion in Note 29, $1.3 billion will be repaid through this same paragraph. [sentence as published] Aminlu then pointed out: With the changes that have been made in Note 25, first the ceiling that was projected was covered; also, it has devised a good policy in the electricity section to lessen the pressure on the vulnerable and low-income strata.

In regards to Note 29, too, good changes have been made. The issue of medicine today is one of the problems of the country. The Joint Committee in its wisdom has increased foreign currency for medicines and allocated $400 million to procure needed drugs. Even though this figure still does not meet all the pharmaceutical needs for the country, given the existing resources of the budget, this ratio for drugs is acceptable. The share of essential goods in Note 29 has increased. For students, the foreign currency that was not included in the government bill has been increased.

Referring to the increase in the payment of government obligations in the 1373 [21 March 1994-20 March 1995] budget, concerning support for the vulnerable strata, he said: In some cases, there is support in the 1373 [21 March 1994-20 March 1995] budget for the vulnerable strata, including payment of agricultural subsidies, keeping the price of electricity fixed for those with lower consumption, and the creation of a new line for the social security of villagers.

For the treatment of the vulnerable strata, the amount of 4 billion tomans has been projected as a new line this year. This can be a start for general health insurance, which is on our future agenda. Subsidies for essential goods can be effective in solving many of the problems of many of the vulnerable strata.

'Abdolrahim Nurbakhsh, Opponent

'Abdolrahim Nurbakhsh spoke in opposition to the budget bill and said: A comparison of the funds allocated to organizations since 1368 [21 March 1989-20 March 1990] shows that funds have increased in quantity, but in practice some of the organizations, such as education, labor, cooperatives, and higher education, have been declining in the 1373 [21 March 1994-20 March 1995] budget. I believe that the 1373 [21 March 1994-20 March 1995] budget has not been written from a cultural perspective, even though our revolution is essentially a cultural and ideological revolution. The direction of our budget must be towards the expansion of centers of higher education and their revitalization.

In continuing his speech, emphasizing the expansion of the Payam-e Nur University in the deprived areas, he asked that this university be strengthened and its present trend prevented.

Nurbakhsh also criticized lack of attention to cooperatives in the budget bill and said: Today, if we want to have a response to the unemployed youth, the only solution is the cooperative sector. Unfortunately, the dear ones and the experts of the Plan and Budget Organization have paid less attention to this issue. If there are unemployed and confused youth in the country

and we are unable to attract them what have we accomplished for them in connection with the cultural revolution in this bill?

Then, given the price increases that have been stated in Note 25 along with the tariffs discussed there, in 1373 [21 March 1994-20 March 1995] we shall see symptoms resulting from these increases, and the heavy burden will be on the shoulders of the deprived strata in the society and the unemployed youth who have moved towards false jobs.

'Ali Mobini-Dehkordi, Supporting

Referring to the policies governing the method of examining the revenues, he said: In the 1373 [21 March 1994-20 March 1995] budget a new policy was devised to force the banking system to specify the ceiling of its funds for government and nongovernment sectors. Ultimately the change in the net debt of government companies and the private sector at the end of 1373 [20 March 1995] does not exceed 7,000 billion, with the share of 45 percent and 65 percent allocated to the government sector and the private sector, respectively. The funds from the notes in the 1373 [21 March 1994-20 March 1995] budget amounted to R2,201 billion. In comparison with the funds in 1372 [21 March 1993-20 March 1994], which amounted to R1,782 billion, it has an appropriate growth, along with proper policies, growth of production, creation of jobs, providing of agricultural utilities, providing of the necessary material for carpet weaving workshops, and payment of loans to owners of residential, commercial, and production units damaged as a result of unexpected events.

Concerning the revolving funds, he said: The decrease in the ceiling of the revolving funds from R2,500 billion to R2,000 billion and controlling the ceiling of banking funds can harness inflation through reducing the volume of cash flow.

He also added: Making the revenues realistic; creating variety in the revenue resources of the country; creating balance; collecting taxes for fundamental services proposed by the government; increasing the share of taxes in the total budget revenues; supporting domestic products with increased tariff percentages; paying attention to the low-income strata of the society in devising policies concerning the collection of taxes on electricity, natural gas, and kerosene; reducing the oil revenues; and reducing the cash flow volume as much as possible were among the other intended policies.

In continuation, he added: The share of tax revenues in the government proposed bill for 1373 [21 March 1994-20 March 1995] was about 19 percent, which the committee increased to 26 percent. He added: The total revenues in the government proposed budget bill reached R33,593 billion, which the Joint Committee, carefully by examining the operation of revenue resources, brought to R30,220.8 billion, a decrease of R3,372.2 billion. This change was the result of reducing the projected tax collection of the government and Note 25 by R414 billion and reducing the oil revenues by R4,444 billion. If the share of taxes increased by R1,485.9 billion is deducted from it, it will reach R2,958 billion.

In conclusion, he said: In order to strengthen the financial and revenue discipline of the country and direct the government companies in such a way that the revenue-generating activities of government companies and executive organizations are appropriately devised and coherent with the general revenues and the general Treasury so as not to cause a decrease in taxes and the profit of government shares, the government must be obliged, on the basis of imports in 1373 [21 March 1994-20 March 1995], to set the commercial taxes on imported goods at a level that will at least retain the projected revenues.

'Abbas Sheybani, Opponent

The next opponent of the Planning and Budget Committee report said in a speech: Note 25 has no other use but to put pressure on poor people. Set aside every project that is involved. Suppose all of our oil wells were hit. In fact, go after an economy without oil. Why are you so dependent on oil, which we should be selling at $50 and they buy for $10? My suggestion is that the Majles vote to reduce it by 500,000 barrels per day [bpd], which will certainly drive the price up.

He continued: [As a member of] a Majles in which more than 135 members have signed not to have high prices, Mr. President, as long as the shadow of the leader is over our head, I promise the vulnerable strata that we will not ratify any high prices. Our duty is to live with the resources that we have. We should wait for two years and not accept any new projects.

Dr. Sheybani also added: The Majles will by no means condone high prices. Let the government go and correct the situation. Let it get rid of those companies that operate at a loss. You cannot fix management by raising prices.

He continued: We wanted to raise the price of bread somewhat early in the revolution. In the middle of the night, the Imam sent a message, "You do not have the right to raise the prices. And from now on, if you want to raise the price of anything, it must be with my own permission."

In the way that we follow the Imam, we follow that leader. The leader himself said in his directives, Do not do anything that would harm the vulnerable strata.

He said: I suggest that we reduce [oil production] by 500,000 bpd and reduce current expenditures by 20 percent.

Asadollah Razavi, Supporter

The next supporter was the deputy from Kerman, who said: In the budget presented by the government, the general revenue and other sources of funds amount to

R33,767 billion, which shows an increase of about 43 percent compared to last year. The Joint Committee has reduced this amount by R2,143 billion, which is still a growth of 34 percent. This decrease is mainly due to the sale of oil, as about 2 million has been reduced from the oil exports and one dollar less is calculated in its price.

He continued: This year, considering the total oil production in the world and the likelihood of the entry of Iraq into the oil market as well as the level of production of non-OPEC countries next year increasing or decreasing and what conclusion the OPEC countries will reach in regards to the decrease in oil exports, there are various probabilities. The average price of Iranian oil for export is projected at $9-17 per barrel. Given all this, the price per barrel and the number ratified by the committee seem reasonable. In connection with factors that have been effective in reducing this figure, Razavi said: In Paragraph 1 of Note 22, the total commercial and foreign currency policies of the country in 1373 [21 March 1994-20 March 1995] must be such that the total of foreign currency obligations of the country from all sources by the end of 1373 [20 March 1995] will be $1.6 billion less than at the beginning of 1373 [21 March 1994].

In connection with the increase in the price of gasoline in Note 25, he said: The increase in the price of gasoline, considering the projected inflation, must reach a minimum, and this minimum has been set at R30 in the committee.

Seyyed Ahmad Rasulinezhad, Opponent

The next opponent was Rasulinezhad the deputy of Damavand and Firuzkuh, who spoke in regards to the elimination of subsidies and increase in prices and said: You think that the increase in the price of fuel will not bring more pressure on the weak strata. On the average, the increase in the price of gasoline will certainly result in the increase in the price of transportation and goods that reach the consumers, and other instances of this kind.

He emphasized: It should be examined to see what amount of money these companies have received this year from the people and the Treasury and how they have operated. An insignificant amount may be added to the salaries of employees, women, and salary earners from the increase in prices, but the prices go up tremendously, by several times.

Rasulinezhad mentioned the unjust distribution of the budget and said: Some of the views have caused a number of regions and provincial cities to be deprived of the attention of the government in the proposed bill. For example, the cities of the province of Tehran, which tolerate a significant part of the pressures and burden of Greater Tehran, and due to being located next to the capital of the country, we must witness the elimination of developmental projects despite the vital role of some of them. I say to the planners and the Plan and Budget Organization that pressure on the cities around Tehran and the severance of government services and developmental projects cause more pressure on the city of Tehran and increase problems.

He then said: The efforts of the Joint Committee to reduce foreign obligations are not sufficient. It has been said frequently that all the existing problems and shortages cannot be rectified in a short period of two to three years. We require more basic, precise planning and longer calculate time to be able to overcome the problems. The government must have more control and supervision over the market and prices in order to reduce the existing pressure on the deprived and the oppressed.

Karim Zare'i, Supporting

The next supporter was Dr. Zare'i, who said: The most important strong points of the Joint Committee report consist of the use of the directives of the grand leader in drawing the main lines of the 1373 [21 March 1994-20 March 1995] budget, attention to the wishes of deputies in the pre-agenda speeches, the use of views and attention to the opinion of the honorable president in the Friday sermons.

Then, in connection with agricultural development and attention to the export of its products, he said: The only sector that has exceeded its obligations in the Five-Year Plan has been the agricultural sector, which has seen a significant growth.

Then, describing the important points of the budget this year, he said: In order to harness inflation, in some instances necessary subsidies have been allocated to prevent inflation and increase prices. Revenues have been realistically noted, and customs taxes have increased to support domestic industries vis-a-vis luxury goods, prevent the budget from becoming inflationary, and pay attention to the poor and low-income strata. In Note 3, support for cooperatives continues. Attention has been paid to the deprived regions. In Paragraph D of Note 7, the Ministry of Labor and Social Affairs has been granted permission. [sentence as published]

Then he mentioned Note 25 and said: In this note, one of the appropriate steps is preventing the increase in the price of electricity for agriculture.

Mohammad Naser Tavassolizadeh, Supporter

The next supporter was Tavassolizadeh, deputy from Torbat Heydariyyeh, who spoke in support of the bill and said: One of the characteristics of this bill is that it has significantly distanced itself from oil. Previously, the main feature was the sale of oil, but now the direction provides hope for the future years.

In continuation, he said: The consumption of oil in our country is three times that of Turkey, six times that of Pakistan, and 1.2 times that of China, despite the fact that China has a population 20 times that of ours. Hence,

we must be realistic in our direction and be able to guarantee the future of our country.

Also considering support for domestic industry among the positive points of this plan he added: When we watch the customs and close the borders, these are the preparations for guaranteeing the independence of our country.

Tavassolizadeh said: Unfortunately, less attention has been paid in the ratification of the Joint Committee to support for medicines for livestock as well as fertilizers and pesticides, and the amount is not acceptable. We have seen such policies and the harm they have caused our agriculture in the past.

'Ali Mir Karami, Opponent

The next opponent was Karami, the deputy from Qasr-e Shirin, who said in opposing the bill: Unfortunately, the single product policy of the country has caused the enemy to have access to our weakness and inflict severe blows on the body of this revolution, every year the sign of which is the crisis of the decrease in the price of oil.

He said: the existing cash flow in the hands of some individuals in the society in addition to escalating inflation will result in economic ailments. The growth of cash must be checked with specific leverages, and by devising special taxes on revenues and their property, that which must be collected legally for the government general revenues as taxes must be collected and the way blocked to evade it in any possible manner.

In continuation, he said: As the ratification of Note 25 is inevitable, first, ways to protect the deprived classes must be taken into consideration, and then the increase in prices must be taken into consideration.

Ahmad Nikfar, Opponent

The next opponent was Nikfar the deputy from the city of Eqlid. Also, in a speech in connection with writing the budget and stating that budget writing must be regional, he said: Relations have taken the place of regulations, and considering that we were trying to advance the procedure of the distribution of the budget at least from now on in a most proper form, we did not take any step in this regard.

The deputy from Eqlid said: The Majles and deputies in their suggestions hoped that the results of that plan would increase the authority of the specialized committees in the procedure to ratify the budget. What has resulted, unfortunately, was not so. It even increased the time that the Majles should spent on the budget by several times.

Then, in connection with the proposed bill of the government, he said: (In this bill), ignoring and no attention to the deprived regions can be seen. In two notes of the budget of this year, on the whole, about 50 billion tomans were given to deprived regions which now, in the 1373 [21 March 1994-20 March 1995] budget, this amount has been reduced to 15 billion tomans.

Mohammad Baqer Tavakkoli, Supporter

The next supporter was the deputy of Khomeyn, who spoke in connection with the budget bill regarding the decrease in the level of incomes, the increase in the percentage of taxes, and the increase in commercial tariffs, and said: One of the most effective issues in inflation is banking funds, which are given by banks to government establishments and the private sector. In the government bill, about R7,598 billion, at a ratio of 80 percent for the government sector and 20 percent for the private sector, have been set, which has been reduced in the examinations of the Joint Committees to R7,000 billion, at a ratio of 55 percent for the private sector and 45 percent for the government sector, which will help the country thrive.

Then, in connection with the increase in subsidies for essential goods and medicines, he said: The committee increased the amount of foreign currency for medicines from $303 million to $400 million. Also, it increased the basic goods from $695 million to $800 million.

'Ali Naqi Khamushi, Opponent

The next opponent was Khamushi, the deputy of Tehran, who referred to the foreign currency rate and said: Having received the proposed 1373 [21 March 1994-20 March 1995] budget, we practically see that the price of foreign currency was increased by 20 percent from 145 tomans, and you and I want to approve it. Do we know that raising the price of foreign currency equals increasing all the prices by 20 percent?

He then continued: In current expenditures alone, we have 50.9-percent growth, which is a shocking figure. It will be to no avail to inject rials as the rate of the floating dollar goes up, which will result in higher prices of services.

The deputy of Tehran continued: Unfortunately, this budget includes about 50-60 percent inflation.

Khamushi then, in connection with the decrease in the price of oil, requested the ceiling of the budget to be reduced to the ceiling of the 1372 [21 March 1993-20 March 1994] budget.

In continuation, he said: If we are able to separate about 50 percent from the oil revenues, it can be a first step on the path of actual economic independence.

The deputy from Tehran referred to the increase in tax revenues in the 1373 [21 March 1994-20 March 1995] budget bill.

In continuation, Khamushi mentioned several statistical figures in connection with the percentage of funds in the 1372 [21 March 1993-20 March 1994] budget with regard to 1373 [21 March 1994-20 March 1995] and

added: I ask all the deputies to take a bold step toward reaching a healthy economy and independence from oil through the budget.

Fatemeh Homeyun-Moqaddam (Supporter)

Ms. Fatemeh Homeyun-Moqaddam, the deputy from Tabriz, was the last supporter of the 1373 [21 March 1994-20 March 1995] budget bill. She said: Today (yesterday), we heard that the board of directors of the Majles had a meeting with the honorable grand leader in connection with the budget, and he offered the necessary directive, to which, God willing, attention will soon be paid. I speak in support of the budget, but not that the budget has no imperfections. Certainly, what is right with the budget will outweigh than its imperfections. In the previous years, the budget bill was not viewed realistically, but this year it is close. Not that it has become realistic. For example, 1) relative support for domestic products by increasing the customs fees and taxes are among the good aspects of the budget; 2) support for the oppressed and vulnerable strata by providing foreign currency for medicines, foreign currency for essential goods, foreign currency for students and the Red Crescent, and keeping their prices stable, especially the heartfelt contentment of the leader, are among the good aspects of the budget; 3) emphasis on the cost of kerosene, electricity, telephone, etc.; 4) emphasis on proper and sound tax revenues and their change in the government bill by 261 percent is a good change; 5) repayment of national obligations is given priority; 6) in regards to oil and natural gas taxes, there has been a logical reaction; 7) severance of dependence on oil; 8) if we see the budget independent of oil, we will have taken positive steps in the independence of the oil rial.

Mohsen Kuhkan (Opponent)

Mohsen Kuhkan the deputy from Lenjan was the last opponent to the 1373 [21 March 1994-20 March 1995] national budget bill. In justifying his opposition, he asked the experts of the Planning and Budget and the Joint Committees to respond to these questions.

In explaining these reasons, he said: I have always questioned why we calculate the percentage of the oil in the national budget with regard to the whole budget and say that this year we have a percentage of decrease in the use of oil in the general budget. [sentence as published] If all at once the budget reaches a point that we are able to sell all the oil and turn the dollars in for rials and use them in the budget and the profit margin is small, could we still say that our dependence on oil has decreased?

In 1371 [21 March 1992-20 March 1993], about 58 percent of the budget was spent in connection with social issues, including higher education, health, and treatment. But in 1372 [21 March 1993-20 March 1994], it was decreased to 41 percent. This level in 1373 [21 March 1994-20 March 1995] in the proposed budget was reduced to 36 percent. In other words, regarding social affairs, that part that concerns funds connected with the cultural invasion must be seen here as decreasing every year. This is one problem in the budget bill. On the other hand, there is an increase in miscellaneous expenditures. In 1371 [21 March 1992-20 March 1993], about 6 percent; in 1372 [21 March 1993-20 March 1994], 11 percent; and in 1373 [21 March 1994-20 March 1995], 12 percent are miscellaneous expenditures.

Concerning some of the revenues being unrealistic, Kuhkan said: The Joint Committee worked very hard. They reduced the dependence of the budget on rials due to the sale of foreign currency and lowered it to a level above the ceiling of the budget. But, on the other hand, in taxes and some other revenues they made increases.

Concerning the repayment of the loans of the for-profit development projects in 1371 [21 March 1992-20 March 1993], from R31 billion about R8.6 billion materialized, and in the six months of 1372 [21 March 1993-20 March 1994], 26 billion. If in the six months of 1372 [21 March 1993-20 March 1994] it had materialized in accordance with the ratification, it should have been R26 billion, whereas R3.1 billion materialized. It is interesting to know that in 1373 [21 March 1994-20 March 1995] it increased to R42.6 billion. The sale of barracks in 1371 [21 March 1992-20 March 1993] was projected at about R45 billion, but nothing materialized. The honorable government has not stated this in the bill, but the honorable committee has specified numbers and figures for this in 1373 [21 March 1994-20 March 1995]. Also, with the recession that exists in the baying and selling of property and land, you see whether the figures you projected in the annual taxes on property are correct or not. In 1371 [21 March 1992-20 March 1993], the projection was about R22 billion, of which R7.1 billion materialized. In the second six months of 1372 [21 March 1993-20 March 1994], about 8 billion was projected, of which 3.1 billion materialized. In 1373 [21 March 1994-20 March 1995], the estimates are the same as in 1372 [21 March 1993-20 March 1994]. Given these problems, we do not think that these revenues will materialize.

Statements of the Government Representative

Rowghani-Zanjani, the director of planning and budget, in defending the budget bill said: If a decision is made in connection with the economic policies concerning the change and modification of prices and in is dealt with in connection with the contractual policies in the budget, it is because of the points to which the honorable deputies or I or some of the honorable ministers have referred. It is for these reasons that this decision has been made. Because we are at a point that requires that important and vital decisions be made in order for us to pass this period of transition and reach a potential, dynamic, acceptable, and ideal economy of the regime of the Islamic Republic.

He then said: There are two very important notes in the bill. One is Note 25 and the other Note 29, which are

really determining and have economic effects in the Second Plan and the budget.

If there is a quote in connection with Note 25 concerning the grand leader apparently having certain views and if his opinions are final, they must certainly be followed. Likewise, if there are other points, this issue is important for us to consider in the discussion of the budget, to be aware of this issue and be able to open up Note 25 further.

The director of the Plan and Budget Organization then, pointing out that the share of the oil revenues has not increased compared to 1371 [21 March 1992-20 March 1993], said: We determined the share of oil revenues in the 1373 [21 March 1994-20 March 1995] budget law.

If the brothers analyze the 1372 [21 March 1993-20 March 1994] budget, they will see that we considered nearly $17 billion for foreign currency and rural revenues. The budget bill that has been written and presented by the government for 1373 [21 March 1994-20 March 1995] is about $12.5 billion. In other words, we have written $4 billion less than last year. As to why the share of oil revenues has gone up, I must say that it has not. The budget has become more transparent.

Also, in connection with taxes, he said: We think we collect high taxes. In fact, now with the oil revenues becoming transparent, everyone realizes how our budget relies on oil revenues and how it can affect it. You realize that we hardly collect any taxes at all.

He also said: As to why revenues have increased, it is due to Note 25, which accounts for nearly R3,000 billion. Also, the taxes that the brothers ratified. Part of the implementation of the national projects depends on this note, and if this note is not implemented, the projects will stop and will even have economic effects.

In regards to increasing the payment of obligations, Rowghani-Zanjani said: We considered $1 billion. But the Joint Committee made it $1.6 billion. The increase in this payment will have an effect on our economy. It will effect jobs, production, imports, exports, investments, cash flow, and prices. It is not true that we stand in an ideal position and make policies without having any effect.

Also, concerning projections of the price of oil, he said: It is true that we cannot project the price of oil, considering the world market. The government has projected $14 per barrel, but the brothers in the committee project $13. At the present time, with the severe cold in the west and the United States, the price of oil has increased. Hence, we think the government's projection is more correct. Let us make it $14, and if it does not materialize, we can control it in the government.

Rowghani-Zanjani added: If the revenues do not materialize, we shall not create new obligations, and we will not start the projects that are to start. The deputy brothers come to us asking why we do not put such-and-such a project up for bidding, etc. The reason is that we have no money.

He also added: The brothers say high prices and inflation must be eliminated, but in items that concern commercial taxes, you changed the 8 percent to 18 percent. Certainly, it will be a high price for the consumer. We do not oppose supporting domestic products, but we must also see the other side of the issue.

* Majles Passes 1994-95 Budget Bill

94LA0086A Tehran RESALAT in Persian
30 Jan 94 pp 1, 16

[Text] Legislative and Parliamentary Division. After 10 hours of discussion by supporters and opponents of the budget and also the government's defense, the general points of the 1373 [21 March 1994-20 March 1995] budget bill were ratified.

According to a report by our correspondent, Mr. Mas'ud Rowghani-Zanjani, in defending the government bill, continuing his statements of last night, said: It is appropriate for the point to be raised that, as far as we can, we should base the cost of the operation of the country on taxes, in other words, our administrative system should be based on tax resources.

In the Second [Five-Year Development] Plan, the government policy is to gradually base the current expenditures on tax resources and developmental expenditures on oil resources. This cannot be done all at once.

Referring to the 50-percent growth of the current sector, which was the subject of Mr. Khamushi's discussion, he said: Out of 7,000 billion rials[R], R2,027 billion is the difference between the foreign currency rate; R19,800 billion, the import of oil products; R126 billion, recreational hajj pilgrimages; R219 billion, support for the vulnerable strata; R1,300 billion, the difference in the price of essential goods; R300 billion, subsidies for chemical fertilizer; and R1,046 billion, other items.

Stating that some of these miscellaneous lines are allocated to reconstruction, he pointed out: When there are expenditure revenues with which the executive organizations will engage in developmental work through the sale of services and goods, they must be centralized. This matter must fall within the authority of the minister.

But in 1373 [21 March 1994-20 March 1995], our developmental budget is 12,600 billion. Of this amount, 3,000 billion concern taxes that have been stated in Note 25. Our national projects, instead of 6,000 billion this year, have reached R5,551 billion, which indicates a 10-percent decrease. On the other hand, we increased from 1,300 billion to 1,930 billion.

Concerning Notes 29 and 25, Zanjani said: We have nearly $13 billion in energy consumption. Annually, we import 230,00 barrels of oil products proposed by the government, which is 1.5 billion tomans. If we conserve

this amount and place it at the disposal of the related minister, about R700 billion in banking funds will be freed and can be placed at the disposal of the private sector.

In the continuation of the open session today, Mr. Aqazadeh, the minister of oil, defended oil and fuel products in the 1373 [21 March 1994-20 March 1995] budget and said: The OPEC members have proposed an oil production ceiling reduction of 5 percent. If we succeed, in the next session, we will face the issue of price and moving toward increasing revenues. If we do not reach an agreement in the next session, we shall operate on the basis of our own oil production quota.

He then referred to Note 25 of the budget bill and said: Today, you pay 1,100 billion tomans in subsidies for fuel. We must tell the people to lower fuel consumption, and lower it by 15 percent. This will solve all the government projections.

He also said: If we are able to pay subsidies directly, it would be more just. You should do this. It is not right to give what is justly the right of the deprived rural people to the city people.

Concerning Note 25, the minister of petroleum said: Today, the elimination of Note 25 does not just mean the elimination of Note 25. Rather, it will destroy the refinery in Bandar 'Abbas. Or, you will have to take 37 billion tomans from the budget of other regions and attach it to the Bandar 'Abbas project, which is not possible.

Concerning the proposed natural gas increase in the proposed government bill, he said: If the price of natural gas remains fixed at R8, we cannot add another rial for the next 10 years. Now, the increase is R2 or R3. If we are unable to change it slightly every year, we will have problems in the future.

Now, a 2- or 3-rial increase in the price of natural gas is not tangible. But in five years, we will have to increase it by 4 or 5 tomans, which will be impossible.

Aqazadeh said: If you eliminate Note 25, you will also have to decide what I must do in that ministry.

Engineer Zangeneh, the minister of energy emphasized in defending the 1373 [21 March 1994-20 March 1995] budget: According to the ratification of the joint committee, up to 500 kwh of electricity used in 1373 [21 March 1994-20 March 1995] will not be subject to any increase, and this level of consumption includes 96.36 percent of residential customers.

Concerning the elimination of the projects of Note 29 in the joint committee, he said: In this case, we do not know what is most reasonable to do. A low-rate loan has been assumed earlier, and in Farvardin 1373 [21 March-20 April 1994] another must be assumed. This is an economic matter and will be followed by many foreign currency savings. These are among the affairs of which the implementation was permitted in the First Plan.

He said: If investments are not made in electricity, tomorrow will be too late. No investment can respond all at once, it takes at least three to four years. In other words, a solution must be found before serious problems arise.

Gharazi, the minister of post, telegraph [and telephone], said in defense of the bill: Experts try to put before you the plans they have devised for the future administration of the country that actually account for the next 10, 15, or 20 years.

Gharazi asked the deputies to deal with the issues in the budget bill from an expert and not an emotional standpoint. He continued: Some say, what is the use of selling oil at $10 and spending $3 on it? If we make this $3 [a] domestic [expenditure] and not spend it on oil, this will be a very beautiful expert action in the country, which the government has accomplished after several years. The fact that this issue is being discussed today is the result of government expertise.

After the statements of the minister of post, telegraph [and telephone], the general points of the bill were put to a vote and the general points of the 1373 [21 March 1994-20 March 1995] budget bill were ratified with a decisive majority vote.

Statements of the Speaker of the Majles

Prior to voting on the general points of the 1373 [21 March 1994-20 March 1995] budget, Mr. Nateq-Nuri, the speaker of the Majles, spoke in connection with the statements of Engineer Gharazi and said: We had questions for the gentlemen. One question is, is what you are saying ultimately price increases or taxes? It is not that we did not understand and have discussed it emotionally.

Then, in regards to Engineer Yahyavi's reference to quoting from the grand leader concerning Note 25, Hojjat ol-Eslam Nateq-Nuri said: Because these viewpoints affect your decisions, we should know if he has an opinion about a particular paragraph or note. "He should just make a gesture and we shall hasten to it." We have no problem in this regard.

In order to clarify the matter, his honor was asked about it. He responded: "I have not expressed any opinion in regards to eliminating Note 25." Rather, the interpretations have been different. We asked the office; he said: If I have an opinion about the budget and want it to be announced to the Majles, I will do so officially through the speaker of the Majles.

While apologizing to Yahyavi, the deputy from Tehran, he said: In any case, our interpretations of the speech may be different.

*** Budget Revenue Approved by Majles**

94LA0093A Tehran SALAM in Persian 2 Feb 94 p 1

[Text] With the approval of the total figure for government revenues, the first consultation of the 1373 [21 March 1994-20 March 1995] budget bill has been approved by the deputies.

The Central News Unit reports that Article 1 of next year's budget bill has been approved in its first consultation and at yesterday's open Majles session.

In terms of revenues and other credit sources and in terms of expenses and other payments, the 1373 [21 March 1994-20 March 1995] national budget is more than 69,772,752,987,000 rials[R].

In terms of revenues and expenses the government's general budget is more than R32,330,350,987,000.

General revenues and other sources of credit approved and set by the Majles amount to R30,480,946,179,000, revenues allocated to the ministries and government institutions are R2,254,404,808,000, and the budget for the governmen. companies, banks and profit-making institutions affiliated with the government is more than R45,453,090,000,000 in terms of revenues and other sources for credits.

Based on Article 1 as approved, foreign exchange revenues from the sale of crude oil in excess of $10,154,300,000 up to $11.48 billion will be used to repay the nation's foreign exchange commitments, and anything in excess of that will be used to carry out the projects given in this law and to make up the credit shortages for allocated development projects.

This report states that the expert from the Plan and Budget Commission explained the changes made in the revenues section of the budget. He said: The national budget has decreased about $10,000 billion [as published] and the general budget has also decreased about R3,700 billion compared to the bill proposed by the government, and the net change that will have to be made in next year's budget for the second consultation is about R2,220 billion.